

Message Text

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12

ACTION COME-00

INFO OCT-01 EUR-25 NEA-10 ISO-00 EB-11 TRSE-00 OMB-01

AID-20 CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 SCEM-02

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R 200720Z NOV 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 8127

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 4080

DEPT PASS COMMERCE/BEIRUT FOR RTDO

E.O. 11652: GDS

TAGS: ENRG, EIND, BMEP, KU

SUBJECT: BECHTEL INVOLVEMENT IN KUWAIT LPG PROJECT

REF: (A) STATE 220658 (NOTAL) (B) KUWAIT 4034 (NOTAL)

1. SENIOR KNPC OFFICIAL WHO HAS BEEN INVOLVED IN GOK/KNPC CONTRACT NEGOTIATIONS WITH BECHTEL INFORMED EMBOFF BECHTEL HAS BEEN AWARDED KD 800,000 (KD1 EQUALS \$3.38) CONTRACT FOR DETAILED ENGINEERING FOR LPG PROJECT. AWARD WAS MADE FEW DAYS AGO AND MOST LOCAL OBSERVERS INCLUDING EMBASSY EXPECTED BECHTEL, WHO HAD DONE BASIC FEASIBILITY STUDY, TO BE SELECTED.

2. ACCORDING KNPC SOURCE BECHTEL IS PROPOSING THAT OVERALL PROJECT BE DIVIDED INTO TEN PORTIONS, EACH OF WHICH WILL BE TENDERED SEPARATELY WITH RESPECT TO CONSTRUCTION. THIS SOURCE REITERATED THAT BECHTEL WILL NOT RPT NOT GET INTO CONSTRUCTION (CONTRARY TO REF A), BUT HE SAID BECHTEL MAY BE CHOSEN TO SUPERVISE ALL TEN
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CONSTRUCTION PROJECTS THAT TOGETHER WILL COMPRISE

\$300 MILLION LPG PROJECT. THIS, OF COURSE WOULD BE MAJOR CONTRACT FOR BECHTEL AND WOULD EFFECTIVELY PLACE COMPANY IN CHARGE OF ENTIRE PROJECT WHICH IS ECONOMICALLY AND POLITICALLY ONE OF MOST IMPORTANT CURRENTLY UNDERWAY IN KUWAIT. KNPC SOURCE COMMENTED ON BUSINESS-LIKE, NO-NONSENSE APPROACH BEING TAKEN BY GOK IN CONNECTION WITH LPG PROJECT.

3. BECHTEL EXPECTED BEGIN SECOND OR IMPLEMENTATION STUDY PHASE OF PROJECT SOON AND PROBABLY WILL BRING PROJECT MANAGER TO KUWAIT TO OVERSEE WORK. INITIAL CONSTRUCTION TENDERS SHOULD BE ANNOUNCED BY LATE SUMMER/EARLY FALL 1974.

4. COMMENT: BECHTEL INVOLVEMENT WITH KUWAIT LPG PROJECT PRE-DATES OCTOBER WAR. STILL, THIS LARGEST CIVILIAN CONTRACT AWARDED BY GOK TO AMERICAN FIRM SINCE WAR AND IS ONLY ONE WE KNOW OF IN POLITICALLY SENSITIVE HYDROCARBONS AREA. SO FAR DECISION TO AWARD SECOND PHASE THIS PROJECT TO BECHTEL HAS RECEIVED NO PUBLICITY HERE AND WE SUGGEST NEWS BE HELD CLOSELY FOR TIME BEING. FYI LOCAL KIDDER-PEABODY REP WHO INVOLVED IN SUMED PIPELINE NEGOTIATIONS TOLD EMBOFF BECHTEL SHOULD SIGN THAT CONTRACT THIS WEEK. END FYI.
MCCLELLAND

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